

SENATE BILL REPORT

SHB 1254

As Reported by Senate Committee On:
Agriculture & Rural Economic Development, March 24, 2009

Title: An act relating to creating the Washington grain commission.

Brief Description: Creating the Washington grain commission.

Sponsors: House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Schmick, Blake, Ormsby, Walsh, Sullivan, Parker and Kretz).

Brief History: Passed House: 2/23/09, 97-0.

Committee Activity: Agriculture & Rural Economic Development: 3/19/09, 3/24/09 [DP].

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: Do pass.

Signed by Senators Hatfield, Chair; Ranker, Vice Chair; Schoesler, Ranking Minority Member; Becker, Haugen, Morton and Shin.

Staff: Bob Lee (786-7404)

Background: According to the Washington Agricultural Statistics Service, there are roughly two million acres of wheat and 200,000 acres of barley harvested each year in the state. Due to climate and other factors, less than one-half of 1 percent of the state wheat production is in western Washington. Because wheat and barley are often grown as part of a crop rotation, many wheat producers also grow barley. There is interest in combining the two existing commissions into a single grain commission that includes both wheat and barley.

The primary function of an agricultural commodity commission is to fund projects for the benefit of the growers of that particular commodity. Commodity commissions are authorized to engage in programs that advertise and promote the sale of their commodities in domestic and overseas markets, and to carry out research studies to find more efficient methods of production, processing, transportation, and marketing for a specific commodity.

Some commodity commissions are formed by their own statute, and other agricultural commodity commissions are formed by rule adopted by the Department of Agriculture pursuant to general commodity commission enabling statutes. Several commodity

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commissions have been formed under chapter 15.66 RCW including the Wheat Commission and the Barley Commission.

The Wheat Commission, established in 1958, is found in chapter 16.528 of the Washington Administrative Code (WAC). The Barley Commission, established in 1985, is found in chapter 16.530 WAC. These commissions each have an eight-member board and staff. The current statute, chapter 15.66 RCW, establishes how assessments of a commodity commission are to be set and contains procedures for changing the amount of the assessment. These procedures include a referendum vote by producers to change an assessment. Revenues are deposited in a bank account in the name of the commission. Deposits in each savings account or time deposit is authorized up to the amount of insurance afforded such accounts by the Federal Deposit Insurance Corporation.

WAC 16-528-040 sets the current assessment rate for the existing Wheat Commission at three-quarters of 1 percent of the net receipts at the first point of sale. The current assessment by the existing Barley Commission under WAC 16-530-040 is set at 1 percent of the net receipts at the first point of sale.

The definition of affected area for wheat and for barley are the same and include the following counties: Adams, Asotin, Benton, Chelan, Columbia, Douglas, Ferry, Franklin, Garfield, Grant, Kittitas, Klickitat, Lincoln, Okanogan, Pend Oreille, Spokane, Stevens, Walla Walla, Whitman, and Yakima.

The definition of commercial quantities of wheat is a minimum of 500 bushels and 20 tons for barley. Persons located in the affected counties that sell at least a commercial quantity of wheat or barley are subject to the assessments. Persons who pay assessments may vote in the referendums and may serve as a producer member on the commission board.

Summary of Bill: The Grain Commission is formed to include producers of wheat and barley. On the effective date of the bill, the authority to have a separate Wheat Commission and a separate Barley Commission expire, and the new Grain Commission is created. Provisions from several sections of the General Commodity Commission enabling statutes and from the administrative rules are included in this legislation.

The initial annual assessments for wheat and barley for the Grain Commission are those most recently approved by referendum of wheat producers and barley producers in effect at the time the Grain Commission is established. The initial assessment for wheat is three-quarters of 1 percent and for barley is 1 percent of the net receipts at the first point of sale. The definition of commercial quantities of wheat remain at 500 bushels and 20 tons for barley, the same as contained in the current rules. The definition of affected area contains the same counties as listed in the administrative rules.

Instead of two boards with eight members each, the Grain Commission is composed of five wheat producer members, two barley producer members, two members representing the wheat industry, one member representing the barley industry, and the Director of Agriculture. All members are full voting members. The districts from which producer members must come are modified from the existing rule to accommodate the change in numbers of commission board members.

The bill provides for the transition from the two existing eight-member boards to a single 11-member board. The procedure for appointment of subsequent producer members by the director are specified and include a petition process for nominating producers, and for conducting of advisory ballots.

Commission members do not receive a salary but are eligible to receive up to \$100 per day for attending commission meetings and while on commission-related travel. Commission members and commission staff are eligible to receive subsistence, lodging, and travel expenses while on official commission business at rates set for state employees.

All materials and property owned by the Wheat Commission and the Barley Commission are transferred to the Grain Commission.

The commission is authorized to receive donations or purchase liquor produced from wheat or barley grown in Washington and may use the liquor for promotional purposes without charge. The use may only be for agricultural development or trade promotion purposes, but not for commission fundraising purposes.

Promotional printing and literature may be conducted under contract for the commission by entities other than the State Printer as long as there is substantial conformance with conditions of employment, hours of labor, and minimum wage scale provisions applicable in this state.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: There are economies in combing these two commissions into one. The commissions have already been sharing office space for a year and this bill makes their combination official. There was an advisory vote of affected barley and wheat producers which showed a high degree of support. This is the companion to SB 5076 that was earlier approved by the committee.

Persons Testifying: PRO: Representative Schmick, prime sponsor; Heather Hansen, Washington Association of Wheat Growers; Ben Buchholz, Washington State Council of Farmer Cooperatives.